



The Finance, Revenue and Bonding Committee

Raised Bill 484, AAC *The Governor's Revenue Plan*

**Testimony of Jeffrey Gaudiosi, Esq., Chairman,
State of Connecticut Energy Conservation Management Board (ECMB)
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On behalf of the State of Connecticut Energy Conservation Management Board (ECMB), I appreciate the opportunity to comment on RB 484, AAC *The Governor's Revenue Plan*.

The ECMB oversees the Energy Conservation and Load Management Fund (also known as the Energy Efficiency Fund or EEF), which was created as part of the state energy plan implemented by Public Act 98-28, the Electric Restructuring Act. The Energy Efficiency Fund was one portion of a multi-faceted approach to creating a reliable and efficient energy system across Connecticut. Support for the EEF was very strong in 1998 and is even stronger now in these poor economic times for several reasons: the energy cost savings provided to utility customers, the program cost effectiveness and benefits leveraged by the Fund, the "green" energy jobs created, and the economic benefits provided to Connecticut residents and businesses.

The ECMB opposes the sections of RB 484 that would capture and redirect the utility ratepayer collections intended for the Energy Efficiency Fund, through securitized "Rate Reduction Bonds" (RRBs), to reduce the state's financial deficits. Raiding the Energy Efficiency Fund will result in higher energy costs for Connecticut consumers and business, fewer jobs for Connecticut citizens, and significant damage to the state's economy and its economic recovery.

The Energy Efficiency Fund should be supported and fully funded because it:

Provides \$4 in Benefits for Every \$1 Invested.

Energy efficiency funding invested in homes and businesses throughout the state provides about \$4 in benefits for every \$1 invested. If the EEF is reduced by 37% to fund RRBs, the \$31 million reduction in 2010 EEF funding will result in \$124 million in lost benefits to Connecticut.

Over the proposed ten-year financing term, a \$310 million reduction in EEF funding will result in **\$1.24 billion** in lost benefits for residents and businesses in Connecticut, on top of the economic hardships already being experienced in the state.

Saves Energy and Reduces Energy Costs.

The Energy Efficiency Fund saved enough energy from 1998 -2009 to power 313,000 Connecticut homes with electricity for a year and reduce energy costs by \$533 million. The energy efficiency programs save about 10-40% for the typical customer, which is a significant cost savings in these hard times. Also, these energy savings help avoid the need to build large power plants in the future, thereby reducing future energy costs for customers.

Raiding the EEF will result in fewer energy savings and higher energy costs for Connecticut consumers and businesses. High energy costs (Connecticut has the second highest electricity costs across the 50 states) are already a significant economic burden on the state, and the energy efficiency programs provide relief from these high energy costs.

Lowens Costs for Businesses and Retains Jobs in the State.

The Energy Efficiency Fund helps businesses to save money, improve productivity, manage their bottom line, and increase their global competitiveness – thereby keeping the businesses and jobs in Connecticut. In 2009 alone, 3,163 commercial and industrial customers participated in the energy efficiency programs, resulting in improved business efficiency and reduced energy costs.

Creates Much-Needed Jobs, Particularly in These Tough Economic Times.

The Energy Efficiency Fund is among the strongest economic engines the state can use to recover from the current economic crisis. The Energy Efficiency Fund creates about 37 job-years for every \$1 million of ratepayer funding invested. Based on a 2009 study, the energy efficiency industry in Connecticut is responsible for 2,675 direct "green" jobs plus 4,280 indirect and induced jobs, for a total of almost 7,000 jobs. Raiding the EEF would mean fewer jobs for Connecticut citizens – specifically, a \$31 million annual cut in the Energy Efficiency Fund would result in 1,100 to 2,500 jobs lost in the state.

Benefits Low-Income Customers. In 2009 alone, 15,132 limited-income consumers received EEF program services. They will save over \$5.3 million on their energy bills each year over the lives of the energy efficiency measures installed. Cuts in the Fund will adversely impact these programs and the customers they serve.

Provides Large Environmental Benefits. The Fund is a major contributor to cleaner air and a healthy environment by avoiding the emissions of pollutants such as NOx, SOx, and global warming gases. Energy efficiency measures implemented in 2009 will reduce SOx and NOx by 1,209 tons, and the CO2 avoided will be over 1.6 million tons. The energy efficiency programs are a major strategy to reduce carbon emissions and meet the state's greenhouse gas reduction goals, while providing energy cost savings to customers.

In summary, a strong and fully-funded Energy Efficiency Fund is among the best strategies to spur Connecticut's economic recovery, to meet its current and future needs.

Raiding the Fund is short-term thinking that will harm Connecticut's economy, both now and over the next decade. The loss of Connecticut businesses and in-state jobs, plus the loss of \$1.24 billion in economic benefits, will damage Connecticut's economy and its future tax roles. Contrast this damage to the small amount of fiscal relief that would be provided to the state treasury through a \$31 million annual reduction of the Energy Efficiency Fund.

Instead of raiding the Energy Efficiency Fund, Connecticut should be increasing its investment in energy efficiency, thereby creating jobs, retaining businesses in the state, achieving environmental benefits, and providing energy cost savings for Connecticut consumers and businesses. Energy efficiency is a real solution to our economic woes, now and in the future.

Thank you for the opportunity to provide these comments.